

**MANAGEMENT CONTROL EVALUATION CERTIFICATION
STATEMENT**

For use of this form, see AR 11-2; the proponent agency is ASA(FM).

1. REGULATION NUMBER
AR 405-45/DA Pam 405-45
AR 415-28/ DA Pam 415-28

2. DATE OF REGULATION
1 Nov 2004

3. ASSESSABLE UNIT
Directorate of Morale, Welfare, and Recreation

4. FUNCTION
Lodging, Real Property Management

5. METHOD OF EVALUATION (*Check one*)

X a. CHECKLIST

b. ALTERNATIVE METHOD (*Indicate method*)

APPENDIX (*Enter appropriate letter*)

6. EVALUATION CONDUCTED BY

a. NAME (Last, First, MI)
Bowers, Karen J.

b. DATE OF EVALUATION
6 Feb 2007

7. REMARKS (*Continue on reverse or use additional sheets of plain paper*)

Key management controls were tested by direct observation, file/documentation review, and sampling.

No material weaknesses were found during this evaluation period.

8.

CERTIFICATION

I certify that the key management controls in this function have been evaluated in accordance with provisions of AR 11-2, Army Management Control Process. I also certify that corrective action has been initiated to resolve any deficiencies detected. These deficiencies and corrective actions (*if any*) are described above or in attached documentation. This certification statement and any supporting documentation will be retained on file subject to audit/inspection until superseded by a subsequent management control evaluation.

a. ASSESSABLE UNIT MANAGER

(1) Typed Name and Title
Paul A. Heilman
Director of Morale, Welfare, and Recreation

(2) Signature



b. DATE CERTIFIED

7 MAR 07

TAB B

MANAGEMENT CONTROL POLICY INSTALLATION REAL PROPERTY MANAGEMENT

1. The purpose of this management control policy is to establish management controls to ensure effective real property management by Army installations and Army Commands. These management controls serve as a guide or checkpoint to ensure that critical actions associated with real property management are carried out in an accurate and timely manner. The following subparagraphs represent the minimum controls to be applied at each installation that has a real property accountability mission. Contracting Officer's Representatives must assure this reporting requirement is included in contracts where the contractor performs most of the real property functions. Approved BRAC closure and approved non-BRAC excess installations are exempt from this reporting requirement. When answering the following questions; answer Yes/No, or if a question does not apply to your installation, enter NA (for example: question 22 regarding "leasehold improvements" - if there are no leasehold improvements, enter NA.) Comments providing additional information may be submitted on a separate sheet referencing Test Question Number.

a. Verify the accuracy of the installation's RPI:

(1) Real property accountable officers will ensure that every facility on the installation is verified for accuracy on the RPI by conducting a physical survey in accordance with AR 405-45. Results of these accuracy surveys will be kept on file in the building information file in the installation real property office.

(2) Key items to verify include:

(a) Correct Design Use Category Code (CATCODE) that reflects the current design of the facility (see DA PAM 415-28 for correct codes).

(b) Correct Current Use Category Code (CATCODE) that reflects any temporary diversions (see DA PAM 415-28 for correct codes).

(c) Accurate Year Built and/or Acquired, for each facility.

(d) Accurate Area (UM1) or Capacity (UM2) for each facility (see DA Pam 415-28 for correct UM1 and UM2).

(e) Current Occupants of each facility identified by a valid Unit Identification Code (UIC) (valid UICs obtained from ASIP POC).

(f) Last Inspection Date

(g) Identification of Historical facilities (obtained from the Environmental, Cultural Resource Office).

(h) Identification of inactive and closed facilities to include but not limited to ranges and landfills (information obtained from the Environmental and DPT Offices). (see DA PAM 405-45 for correct codes). Note: for ranges and landfills that have closed the records will stay in the RPI and the IFS Facility Activation Status Code will be set to Inactive until the closed status code has been implemented in the system.

(i) Net Usable Square Feet. This is key in accurately determining utilization rates

(j) Sustainment and Replacement Fund Codes and Organization Codes.

(k) Ensure new facilities and capital improvements to existing facilities are posted into the RPI in a timely manner:

(l) Utilization rate for the design use(s) and overall facility as per AR 405-70

(3) Site inspections by other DPW personnel may be considered as valid verification visits as long as the items above are actually verified (see AR 405-45 for detailed guidance). The results of the survey are to be documented and maintained in the building information file, and in IFS by entering the survey date in the Date RPI Inspection field.

(4) The DD Form 1354 is the key to recording new construction of facilities as well as capital improvements/decreases to existing facilities. The following controls will be applied at a minimum:

(a) Project engineers/managers are to prepare the DD Form 1354 for new construction and capital improvements and submit to the real property office within ten (10) working days of project completion. Note: If the project is being managed/ executed by the Construction Agent then the installation project engineer manager must coordinate with them to get timely receipt of the DD Form 1354. Use of an interim DD Form 1354 is acceptable if the final document is not yet available from the Construction Agent and we have beneficial occupancy.

(b) After Real Property reviews DD Form 1354 (RPAO will have ten (10) working days to review) and finds it does not have accurate data, it will be returned back to the project engineer/manager for corrections; the project engineer/manager will correct within ten (10) working days and resubmit to real property.

(c) Real Property Office is to post capitalization data within ten (10) working days after acceptance of the DD Form 1354.

(d) All changes are to be recorded in the same fiscal year that the changes occurred. If they occur after the year of execution, posting dates of the actual date of completion are to be used and remarks included on why the delinquency of posting.

(e) Capital Improvement Definition. The costs to improve a real property asset shall be capitalized when the costs of the improvement increases the real property asset's square footage, size, efficiency, or useful life; e.g. if a replacement was undertaken to improve or expand the efficiency of an asset that was in good working order, then the replacement is an improvement to be capitalized. When a facility or facility component has failed, is in the incipient stages of failing or is no longer performing the functions for which it was designated it is NOT a capital improvement and should not be recorded in the real property inventory.

(f) Depreciation expense in turn affects the book balance of the asset. The source of the information is usually obtained from the project engineer/manager and must be recorded on a DD Form 1354 at the time. (Note: this does not mean you have accepted the real property asset or improvement, only that is ready for use.)

(g) Keep the original date of capitalization to include the improvement beneficial occupancy date when adjusting costs resulting from the receipt of final DD Form 1354 or correcting any erroneous postings.

(5) Project engineers/managers are to verify that projects listed as "construction in progress" are transferred to real property accounts as soon as the assets are placed in service. Real Property will setup a suspense file to track CIP until construction is complete and transferred to real property. Upon completion of a capital improvement project the Project Engineer/Manager's will close out the CIP with the local finance office and send a DD 1354 to real property for posting in the RPI.

(6) The Real Property Officer will be included in the final inspection for acceptance of all facilities projects. This final inspection will be a joint inspection with the project engineers/managers and the real property accountable officer.

(7) A tracking system will be developed for all transactions received in the real property office. The vouchers will be date stamped in the real property office and logged in the voucher register.

(8) Ensure the posting of disposals of existing facilities from the RPI in a timely manner:

(a) All facilities planned for disposal will be annotated with the proper planned disposal-code on the IFS Real Property Facility Use screen as soon as a determination is made by the DPW that the affected facility is to be disposed. (See DA PAM 405-45 for a list of approved codes.) Also the year disposal execution is planned will be entered in the IFS Disposal Screen. Timely posting is critical in order to prevent work orders or improvements to be executed against facilities targeted for disposal (less safety or health issues).

(b) Once a facility is disposed, you must do the following:

- Enter the disposal date completed and the date dropped from the inventory on the IFS disposal screen
- Set the reportability code for the facility to "D" on the Real Property Facility Screen.

(c) All disposed real property will be removed from the inventory in the same fiscal year that the property was disposed. If property is posted after the FY it was disposed, you must use the actual date of disposal completion for posting. After reporting a disposed facility to HQ EIS one quarter, IFS (sites using only Real Property module) will automatically delete the disposed facility from the system. IFS will also attempt to delete the disposed facility from those IFS sites that use other modules of IFS; however, if there is an outstanding open work document or a phase of a multi-phased work document, the IFS system will be unable to delete the disposed facility from the IFS system. You must alert the work order office to close out all work/service orders.

(9) Ensure records reflecting land (91XXX or 92XXX) are not part of a multiuse facility. Keep all land records separate from other facility types.

(10) Ensure that leasehold improvements are recorded with a proper capitalization voucher and entered into the real property inventory as a capital improvement. Leasehold improvements are capital improvements to an inlease (ownership code of 2 or 6). The capital improvement must be above the base costs of the negotiated lease costs, e.g., adding a Special Compartmented Information Facility (SCIF) to a leased building.

(11) Ensure that grant information is vouchered and recorded into the real property inventory within ten (10) working days from receipt of the real estate instrument. Information to be recorded is Grant Instrument Number, Start/End dates, and space assignments.

(12) Cost Definitions.

(a) Acquisition Cost. Acquisition cost is the original purchase cost less any purchase discounts.

(b) Book Value. Book value is the recorded cost of a real property asset, less its accumulated depreciation.

(c) Fair Market Value/Fair Value. Fair market value (also known as fair value) is an unbiased, equitable or just value based on the cost of a similar asset or the price that an impartial buyer would be willing to pay for the asset or a similar asset.

(d) Recorded Cost. The recorded cost or value shall include the amount(s) paid to bring the property to its form and location suitable for its intended use. This shall include ancillary costs.

Ancillary Costs include:

- (a) Amount paid to vendor.
- (b) Labor and other direct or indirect costs to construct.
- (c) Engineering, architectural and other outside services for designs, plans, specifications, and surveys.
- (d) Acquisition and preparation costs of buildings and other facilities.
- (e) Direct costs of inspection, supervision, and administration of construction contracts and construction work.
- (f) Legal and recording fees and damage claims.
- (g) Fair value of facilities and installed equipment donated.
- (h) Interest paid (not including late payment interest penalties).

(13). Real Property Costs/Values.

(a) All facilities to include land will have a dollar value recorded and supported by appropriate documentation (DD Form 1354, DA Form 337, Real Estate Instruments). These documents are to be retained for the life of the facility plus six (6) years and should be kept in the building information file.

(b) For facilities that have zero dollar value and no documentation is available (written or electronic), estimates of the cost shall be made as well as estimates for any accumulated depreciation or amortization which would have been taken had the asset been recorded at the time it was acquired. The methodology used should be well documented in both the Facility Information Folder and in remarks in IFS. Estimates shall be based on:

- The cost of similar assets with auditable source documents on the same installation wherever possible.
- Engineering cost estimates for newer, higher value assets discounted for inflation since the acquisition date.
- Plant replacement value (PRV) for older, lower value assets.

(c) Purchased Real Property. The costs to be recorded for purchased real property shall be its acquisition cost plus applicable ancillary costs.

(14) Constructed Real Property. The cost of real property while under construction is recorded in the Standard General Ledger Construction-in-Progress account. When the project belongs to the Army Corps of Engineers or other Federal construction agent, they will report to the Construction-in-Progress Account until property has been transferred to the Real Property Accountable Officer. If the project belongs to the installation, they will report to the Standard General Ledger account for Construction in Progress Account until transferred to the Real Property Accountable Officer. Only the costs associated with demolishing the facilities that are part of the footprint of the construction project shall be included in the cost of the new facility.

(15) Donated Real Property. The cost to be recorded for Real Property acquired by donation, execution of a will or judicial process, excluding forfeiture, shall be its estimated fair value at the time of acquisition.

(16) Exchanged Real Property. The cost to be recorded for real property acquired through exchange shall be the fair market value of the property surrendered at the time of exchange.

(17) Seized and Forfeited Real Property. The cost recorded for real property acquired through seizure or forfeiture shall be its fair market value.

(18) Transferred Real Property. The cost recorded for real property transferred from another DoD component or federal agency shall be the cost recorded on the transferring entity's books, net any accumulated depreciation. If the transferring entity does not have the value, they should then provide the cost of its fair market value at the time of transfer shall be used.

(19) Year-end close out controls. Installations will assure that all real property changes are included in the real property inventory database by Close of Business on the last working day of September each fiscal year, or earlier as directed by ACSIM, DAIM-ZS. The practice of using report processing cutoff dates before the fiscal year ends because of year-end closing procedures will not be applied to real property processes.

(20) Annual Reconciliation. Annual reconciliation with tenant activities will be done. A RPI will be submitted to tenant activity, reflecting only those facilities they are occupying. Recommend a face-to-face meeting be done in the Real Property Office to have the tenant validate their use and produce documentation of changes. This should be done in the third or fourth quarter each fiscal year. Reconciliation is to verify the key items in section (2).

(21) The Real Property Officer is to validate that all vouchered documents that affect the financial statements e.g., acquisition, capital improvements, use, and disposals have been recorded accurately and timely. This validation is to be done monthly and each line item is to be verified that the data was entered correctly.

(22) A Management Control Evaluation Guide is attached below. This evaluation is to be conducted in accordance with AR 11-2, Management Control. It is recommended the Installation's existing management review process be used.

(23) Installations are to have Management Controls and all pertinent regulations/policies available in each real property office.

(24) IMA is to publish implementing guidance for these real property management controls executed at garrison level. The controls outlined in this memorandum may be supplemented as the IMA activity sees fit, however, these are the minimum set of controls deemed necessary to ensure sound management of the RPI.

MANAGEMENT CONTROL EVALUATION GUIDE
INSTALLATION REAL PROPERTY MANAGEMENT

A. Function

The function covered by this checklist is Installation Real Property Management.

B. Purpose

The purpose of this checklist is to assist the Assistant Chief of Staff for Installation Management

C. Instructions

Answers must be based on the actual testing of key management controls (for example, document analysis, direct observations, sampling, other). Answers which indicate deficiencies must be explained and corrective action indicated in supporting documentation. Army organizations must review their controls periodically (using this checklist) in accordance with the major command management control plan and certify that the evaluation has been conducted on Department of the Army (DA) Form 11-2-R (Management Control Evaluation Certification Statement). Army organizations should follow directions in Army Regulation (AR) 11-2, Management Control. Director of Public Works, Real Property Offices are encouraged to use these control guidelines for day-to-day operations.

D. Test Questions (A negative answer might indicate a management control weakness if the manager believes it results in a significant, systemic problem. If uncertain, discuss the evaluation results with your management control administrator and review material weakness criteria.)

1. Are the pertinent regulations/policies (AR 405-45/DA PAM 405-45, AR 415-28/DA PAM 415-28) on Installation Real Property Management available in the real property office?
2. Is a tracking system (voucher register) being used in the Real Property Office to track DD Form 1354's, DA Form 337's or Real Estate Instruments?
3. Were the DD Form 1354's, DA Form 337's or Real Estate Instruments properly tracked on the voucher register?
4. Was the Real Property Accountable Officer included in the final inspection for acceptance of all facility projects?
5. Were the DD Form 1354's completed by the project engineers/managers and submitted to the real property office within 10 working days of project completion?
6. Were the DD Form 1354's accurately completed by the project engineers/managers or did the real property office return them for corrections?
7. Were the DD Form 1354's returned to project engineer/managers for inaccuracies corrected and resubmitted to the real property office within 10 working days?
8. Were the DD Form 1354's capitalization data entered into the Real Property Inventory within 10 working days of acceptance?
9. Was the original date of capitalization kept when adjusting costs resulting from the receipt of final DD Form 1354 or correcting any erroneous postings?

10. If the DD Form 1354 was posted after the FY that project was completed, was it recorded with the date that the acquisition or capital improvement actually occurred?

11. Is all building usage properly identified on the DD Form 1354 and recorded in the real property inventory?

12. Has a diversion been done when use of a facility has changed from the design use for a short period of time not to exceed 3 years?

13. Has a conversion been done when use of a facility has changed from the design use when use is more than a 3 year period?

14. Do all facilities to include land have a dollar value recorded and supported by appropriate documentation?

15. Did the Real Property Accountable Officer verify line by line that the DA Form 1354 data had been accurately entered into the real property inventory?

16. Were facilities planned for disposal properly recorded in the real property database in the Integrated Facilities System with the planned disposition code and proposed year of execution?

17. Were DA Form 337's accurately completed within 10 working days of disposal completion?

18. Were disposed facilities correctly identified with appropriate disposal information in the real property database in the Integrated Facilities System within 10 working days from disposal completion?

19. If disposed facility was removed in the next fiscal year after disposal completion, did the disposal completion date reflect the actual date of disposal completion and were remarks included that explained the delinquency of posting?

20. Are land records (91XXX or 92XXX) a separate facility number from buildings, structures, or utilities?

21. Has grant information been accurately recorded in the real property inventory (type instrument, start/end dates) and space assignment been completed?

22. Were leasehold improvements recorded with a proper capitalization voucher and entered into the real property inventory as a capital improvement?

23. Were all real property changes included in the real property inventory by Close of Business on the last working day of September?

24. Were annual reconciliation's with tenant activities performed in the 3rd or 4th quarter to review facilities occupied by tenant, UM of facility, facility usage, Capital Improvement Costs that may have been done by the tenant activity, UIC's, and RPM responsibility?

25. Has every facility in the real property inventory been verified for accuracy by a physical survey at least once every five years for general and working capital fund property and every three years for heritage assets? Assets not in use (BRAC/Non BRAC Excess sites, and unutilized facilities) may be inventoried using statistical sampling. NOTE: Contractors in possession of government property are exempt from survey policy, since they adhere to Federal Acquisition Regulation property accountability requirements. This exemption will not include A-76 contractors that perform real property accountability functions in lieu of government staff.

26. Are the physical inventory surveys kept on file in the building information file in the real property office?

Evaluator: KAREN J. BOWERS

Title: LOGGING MGR

Signature: Karen J Bowers

Date: 6 Feb 07

Describe how evaluation was conducted:

List and attach documentation that illustrates the evaluation (e.g., datacall memo and responses; samples of data; interview notes; memos for record; email messages; ISR data; PMR results; audit report; etc:

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